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TAGS: [PGOV](#) [ELAB](#) [ECON](#) [PREL](#) [ID](#)
SUBJECT: INDONESIA'S LABOR MOVEMENT GAINS IN MEMBERS, BUT
COUNTERVAILING FORCES EMERGE

Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

¶1. (C) SUMMARY: Experts differ in their assessment of the future of Indonesia's labor movement. Forces that bode well for the survival and growth of the movement include: an increasingly educated work force that is demanding its rights (as witnessed by climbing labor union penetration in the service sector), and continued economic growth with the additional employment opportunities that that hopefully will provide. Countervailing forces to be reckoned with include reports of increased incidents of union busting and the inability of unions to unite. Mission's contacts--expressing appreciation for USG programs--said foreign assistance was essential for the strengthening of the union movement and pressed for additional training. They also welcomed visits by leaders of the American Labor Movement.
END SUMMARY

UNIONS GAIN IN MEMBERS DESPITE ECONOMIC DOWNTURN

¶2. (U) Deputy Pol/C and DRL/Labor desk officer recently met with Indonesian experts on labor -- academics, union organizers and members, and government officials--to discuss the current state and anticipated future of the Indonesian labor movement. We also toured a unionized Panasonic factory, visited the home of a typical factory worker, and sat in on a court session where the decision on a contentious labor dispute was read. Following is a summary of what we learned.

¶3. (C) Government officials stated that the newly re-elected president, Susilo Bambang Yudhoyono (SBY), supported the growth of Indonesia's labor movement. According to the officials, SBY's support of the movement, and in particular freedom of association, was highlighted in his efforts to stamp out corruption. Corrupt officials, including police and judges, were reportedly one of the key reasons that it was difficult/impossible to implement Indonesia's labor laws at the local level. Manpower Ministry officials stated that they expected to be given a larger budget to hire and train more labor inspectors and mediators after the new government was sworn in next month. One academic believed that SBY was saying all of the right things but it was not clear whether the President had the political will to push for reform of the labor law. Since the adoption of a new labor law in 2004, a number of deficiencies, such as a weak labor court, have surfaced. Some union organizers questioned how much political capital SBY would spend on such issues despite his public commitments.

¶4. (SBU) According to organizers and members, union membership had increased sharply in the service sector because workers were becoming increasingly educated about their rights and the benefits that union membership could provide. According to union figures, ten percent of workers

in the formal sector are unionized but in the service sector, a subset of the formal sector, over 35 percent of the workers belong to unions. Moreover, in certain cases unions were regarded as protection against the whims of the employers to outsource work or hire temporary workers. Union organizers and government officials agreed that the labor movement was strengthening throughout Indonesia.

15. (SBU) Everyone with whom we met acknowledged that the recent global financial crisis had negatively affected the formal sector, in particular those industries that produced items for export. However, all of our contacts also stated that it could have been much worse but, because of the ever increasing diversity of the Indonesian economy, the downturn was manageable. The head of the service workers union proudly told us that his union had seen very few layoffs and during this last year had seen the number of union members grow. According to our contacts, nearly 40 percent of workers in formal retail belong to a union.

POTENTIALLY NEGATIVE DEVELOPMENTS

16. (SBU) Increasing reports of union busting were topic number one for union organizers and members. The experts disagreed however on whether there were in fact more instances of union busting or simply that these incidents were now more widely reported. Several union leaders offered the explanation that as unions became stronger and grew into their role as an advocate for workers, employers now regarded them more as a threat, whereas in the past unions were little more than social clubs. The worst offenders were seen as Chinese and South Korean companies. The local authorities,

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police and judges, were reportedly bribed to look the other way and/or simply lacked the manpower and expertise to file charges against offending companies, according to our contacts.

17. (C) There was also a religious-linked problem. Several union organizers and academics quietly told us that in the smaller cities, particularly in central Java and Aceh, conservative Muslim leaders were trying to hijack their unions. The religious leaders were trying to add religious elements to bargaining agreements, such as guaranteed time for prayer five times a day, mandated religious days off, and in some cases separation of male and female workers. Some organizers were appalled that contracts for women would be handled separately from men's contracts. Union organizers rejected the religious link, stating that unions must remain secular if they were to thrive in Indonesia.

18. (SBU) Indonesia's labor movement is seriously divided among disparate elements. Since the collapse of the Suharto regime in 1998 when there was only one sanctioned union, there are now over 100 unions spread across Indonesia. Some of them are spin-offs of the old official union, others are the legacy of previously underground unions while still others were formed more recently. With such disparate beginnings and varying agendas, it is not surprising that there is little unity. One academic stated that in the past year he has seen unions in central and west Java working more closely, however. One federation of unions is now publishing a monthly newsletter on union busting activities in order to demonstrate the importance of working together. Another federation periodically reaches out to its international partners for support of Indonesian causes. Despite all of this, union organizers are not optimistic and fear that if the movement becomes increasingly splintered it will harm the labor movement's forward momentum.

FOREIGN ASSISTANCE USEFUL AND MORE NEEDED

19. (SBU) To a person, our labor contacts stated that international assistance had been invaluable in the development of Indonesia's labor movement. They noted that

the USG had been particularly focused on trafficking issues and credited these programs with raising awareness among Indonesians to this problem. Projects on women's rights were making inroads and they expressed the hope that these would continue. Acknowledging that child labor was also a problem, they stated that additional assistance would be welcome in this area. In light of the apparently increasing incidents of union busting, they strongly recommended that there be more programs to train advocates such as labor law attorneys, union leaders and even government officials. They also welcomed visits by leaders of the American Labor Movement.

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